

VZCZCXRO2239

OO RUEHAG RUEHAST RUEHBI RUEHCI RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW
RUEHLA RUEHLH RUEHLN RUEHLZ RUEHNEH RUEHNP RUEHPOD RUEHPW RUEHROV
RUEHSK RUEHSR RUEHVK RUEHYG
DE RUEHTA #2523/01 3571005
ZNR UUUUU ZZH
O 221005Z DEC 08
FM AMEMBASSY ASTANA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4178
INFO RUCNCIS/CIS COLLECTIVE 0954
RUCNCLS/SOUTH AND CENTRAL ASIA COLLECTIVE
RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0356
RUEHKO/AMEMBASSY TOKYO 1062
RHEBAAA/DEPT OF ENERGY WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
RUEAIIA/CIA WASHDC
RHEFAAA/DIA WASHDC
RHEHNSC/NSC WASHDC 0524
RUEKJCS/SECDEF WASHDC 0430
RUEKJCS/JOINT STAFF WASHDC
RHMFIUU/CDR USCENTCOM MACDILL AFB FL
RUEHAST/USOFFICE ALMATY 1018

UNCLAS SECTION 01 OF 03 ASTANA 002523

SENSITIVE
SIPDIS

STATE FOR SCA/CEN, SCA/PPD, IIP, EEB/ESC, OES/PCI
STATE PLEASE PASS TO USTDA FOR DAN STEIN

E.O. 12958: N/A

TAGS: [PGOV](#) [EPET](#) [EINV](#) [SENV](#) [KPAO](#) [KZ](#)

SUBJECT: KAZAKHSTAN: ARTICLES ACCUSE OIL COMPANIES OF CAUSING
ENVIRONMENTAL DAMAGE TO CASPIAN REGION

ASTANA 00002523 001.2 OF 003

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: On October 30, the Russian-language, independent weekly newspaper "Svoboda Slova" launched a series of inflammatory articles written by journalist Igor Larra called, "Defending the Caspian." The paper has published three full-page articles to date, each one accompanied by sensational headlines (e.g., "Caspian Sea - or Dead Sea?" and "Dress Rehearsal for the Apocalypse") and disturbing photographs (e.g., babies with deformities, a mushroom cloud). Despite a low circulation of 85,000, "Svoboda Slova" is popular among a politically-active segment of the population in Kazakhstan and exerts some influence over public opinion. Linsi Crain, Deputy Manager for Government and Public Affairs of TengizChevroil (TCO), and Richard Fritz, Public Relations Manager of Agip Kazakhstan North Caspian Operating Company (KCO) provided post with their reactions to the series of articles. END SUMMARY.

OCTOBER 30 ARTICLE LAUNCHES SENSATIONAL SERIES

13. (U) The October 30 article notes that Kazakhstan is "entirely dependent" on oil and gas revenue and claims that international oil consortia Tengizchevroil (TCO) and Agip Kazakhstan North Caspian Operating Company (KCO) will produce 100 million tons of oil from the Caspian shelf by 2015 and as a result produce 520,000 tons of "dangerous waste," such as sulfur and hydrogen sulfide. The article claims that extensive drilling has damaged the soil and water resources of the Caspian region and alleges that there is "practically not a single well" that meets environmental standards.

14. (U) Citing 2006 data from the Atyrau oblast Department for Environmental Protection, the article claims the amount of pollutants in the Ural River, including sulfates, iron, zinc, and copper, has reached critical levels. "Everyone in the region is sick without exception: people, livestock, fish, and plant life." The article asserts that locals in the area are two to three times more likely to suffer from liver, heart, and lung disease, citing a report from the Institute for Social Health. According to the article, from 1993 to 1994, the average life expectancy in the

village of Sarykamys -- located 15 kilometers from Tengiz -- has dropped from 56 to 46 years and asks rhetorically, "Will TCO relocate these villagers as well? How far will they have to go?"

15. (U) Under the heading, "Monster Ball," the article describes cases of babies born with birth defects such as Down syndrome and Hutchinson-Gilford Progeria (a rare rapid ageing disease) and claims that an employee of TCO recently gave birth to stillborn Siamese twins. The article directly blames "the intensive oil production" in Atyrau oblast for these birth defects and declares that oil production in the Caspian has had an "extremely negative influence on the environment."

NOVEMBER 6 ARTICLE CONTINUES DIATRIBE

16. (U) "Svoboda Slova" continued its "Defending the Caspian" series with a second installment in the November 6 issue. This article, co-authored by Vitaliy Smirnov of the private enterprise Best Business Asia and Makhambet Khakimov of the non-governmental organization Caspian Defense, features a large drawing of a mushroom cloud over the Caspian Sea, headlined with the phrase, "Tengiz and Kashagan: A Disaster from God -- or from the Oil Business?" The article says that more than 1,000 wells have been drilled in the Caspian region and claims that some have been leaking oil into the Caspian Sea and regional water table. The article expresses particular concern about leaks from abandoned wells and cites "official data" (no specific source is provided) that only 20 wells of the 1,000 have been sealed and abandoned. Although the majority of the wells were drilled during the Soviet era, the authors single out the new wells drilled by TCO and KCO as the "most ,pMhIQ the

ASTANA 00002523 002.2 OF 003

authors claim that intensive oil exploration is slowly killing the Caspian Sea and that drilling expansion will signal its death knell.

It claims that the 1986 explosion at well number 37 of the Tengiz field killed hundreds of thousands of birds, had a dramatic, adverse impact on the health of the population, and was no less a natural disaster than the Chernobyl nuclear accident that happened that same year. Another heading shouts, "Life Threatening!" and claims that oil exploration is "killing every living thing in the region at this very moment." Citing Dr. Muftakh Diarov, a member of Kazakhstan's National Academy of Science and Director of the Atyrau Center for Environmental Studies, the authors claim that Tengizchevroil produces two to four kilograms of sulfur and other "dangerous waste" for every ton of oil produced. They blame TCO's open-air sulfur storage for irreparably damaging the environment and endangering the lives of local citizens and wildlife.

DEFENSE RESTS WITH NOVEMBER 20 ARTICLE

18. (U) On November 20, "Svoboda Slova" published the third and final installment of its project, "Defending the Caspian." The article is the transcript of an interview with Dr. Diarov, who says he fears that ongoing exploration for oil in the Caspian Sea will release a "fire genie in a bottle that, sooner or later, will explode and kill the entire north Caspian." Diarov claims that the north Caspian region is prone to earthquakes and notes that much of the drilling taking place occurs at very deep levels and under very high pressure. In support, he cites Seismology Institute data forecasting major earthquakes at 7.0 on the Richter scale in Atyrau oblast, where both Kashagan and Tengiz are located. He warns that "incompetent drilling at Kashagan could trigger a massive earthquake and terrible fire." Diarov claims that none of the participants in the "project of the century" have experience working under similar environmental and geological conditions.

19. (U) Diarov despairs that the government of Kazakhstan will support drilling and exploration until disaster strikes, blinded to the danger by the revenue it receives from the rich subsoil resources. However, he stops short of accusing the president of complicity in this crime: "I have the distinct impression," he said, "that President Nazarbayev simply is not aware of the true danger of the coming ecological crisis. Someone must be keeping the facts from him, because he reminded a group of foreign investors in June that they should first and foremost take care of the Caspian and guarantee its ecological health and stability." Diarov comes to

the conclusion that the citizens of Kazakhstan must take matters into their own hands and rely on their own strength by raising awareness of the environmental damage done to the Caspian region and turning public opinion against further drilling.

¶10. (U) Under the headline, "Caspian Sea - or Dead Sea?," Diarov predicts that the Caspian will experience a "complete degradation of its ecosystem in 30 or 40 years." He claims that tens of millions of birds will perish, entire species of fish will disappear, life expectancy in the region will fall to 35 to 40 years, and the psychological health of local residents will be at risk. Diarov claims that his environmental research shows that as a direct result of drilling for oil over the past 10 years, the frequency of blood disease and related illnesses among those living in the Caspian region is four times higher than the average levels for those in the rest of Kazakhstan. Diarov is particularly distressed that oil companies have conducted "disinformation campaigns" to sway public opinion in their favor and convince them that their exploration activities are not harmful to the Caspian environment. He dismisses the companies' environmental monitoring as "unprofessional" and claims that people do not have the real facts and therefore do not know the real danger they are in. Ending on a cynical note, he repeats an old Soviet proverb, "Whoever pays the piper, picks the tune."

INTERNATIONAL OIL COMPANIES RESPOND TO ALLEGATIONS

¶11. (SBU) Linsi Crain, Deputy Manager for Government and Public Affairs of TengizChevrOil (TCO), said TCO strongly disputes the

ASTANA 00002523 003.2 OF 003

"unfounded accusations" made by "Svoboda Slova" and offered a number of facts and figures to rebut the charges. For example, according to Crain, TCO has spent \$1.8 billion on environmental projects over the past nine years, including \$680 million as a part of its three-year Environmental Protection Plan adopted in 2007. TCO plans to spend an additional \$900 million on environmental protection projects over the next three years.

¶12. (SBU) As a result of this investment, according to Crain, TCO has reduced emissions by more than 50% from 2003 levels and has reduced natural gas flaring by 12% per year over the past four years. By the end of 2009, according to Crain, TCO will eliminate all routine gas flaring. Crain also disputed the charge that TCO accounts for more than two-thirds of all emissions for all industries in Atyrau oblast. According to Crain, "Svoboda Slova" based this figure on the seven largest stationary installations and did not take into account emissions from hundreds of smaller stationary sources or mobile sources within the oblast, which produce more than 40,000 tons of waste each year.

¶13. (SBU) Crain also cited several ongoing studies by the World Health Organization in partnership with Kazakhstani research institutes on the state of public health in the Kulsary district of Atyrau oblast. According to Crain, none of these studies demonstrated any relationship between TCO emissions and the overall health of the local population. Moreover, Crain told Energy Officer that the Ministry of Environmental Protection endorsed the findings of the Sulfur Coordination Council that sulfur produced and stored by TCO has had "no significant impact" on the health of local residents.

¶14. (SBU) Richard Fritz, Public Relations Manager of Agip KCO, the consortium that operates the Kashagan oil field, also strongly denied the allegations raised in the "Svoboda Slova" series. Fritz said that Agip KCO has gone to great lengths to protect the Caspian ecosystem and follows a strict, "zero discharge policy," under which no waste water or runoff water is returned untreated to the Caspian Sea. Fritz furthermore told Energy Officer that Agip KCO also removes and safely disposes of the cuttings and drilling mud, in accordance with Kazakhstan's environmental regulations. Fritz admitted that Agip KCO has only spent 6% (approximately \$3.25 million) of the funds budgeted for environmental protection, but he explained that this was due to the local government's delayed approval of the company's Environmental Protection Plan. Fritz said once the plan is approved, Agip KCO will spend 100% of the funds

allocated for environmental protection.

¶15. (SBU) COMMENT: The "Svoboda Slova" series shows that Kazakhstan's print media can be just as controversial, if not as scandalous, as the tabloids sold in grocery-store checkout lines in the United States. Indeed, it is not uncommon for small-circulation, local newspapers to make populist accusations against international companies in Kazakhstan. Regional governments in Kazakhstan, which collect all of the revenue from environmental fines of companies operating in their oblast, have been known to pressure local newspapers to write investigative articles accusing companies of violating environmental laws. However, it is unusual for a well-established, national publication such as "Svoboda Slova" to publish a multi-part series this inflammatory. Post has not found any evidence that this series of articles was sponsored or encouraged by other foreign government agencies. Nevertheless, the stories continue and companies remain under attack, unfairly charged and prosecuted in the court of public opinion. END COMMENT.

HOAGLAND